

Message Text

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PAGE 01 CANBER 05623 121307Z

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ACTION TRSE-00

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FM AMEMBASSY CANBERRA

TO SECSTATE WASHDC 1818

S E C R E T CANBERRA 05623

C O R R E C T E D C O P Y (MRN 5623 VICE 1818)

E.O. 11652: GDS

TAGS: AS, PINT, PFOR

SUBJ: ALLEGATIONS OF CONTRIBUTIONS BY FOREIGN FIRMS TO
AUSTRALIAN POLITICAL PARTIES

1. IN ANSWER TO QUESTION BY LABOR BACKBENCHER IN HOUSE OF REPRESENTATIVES OCT 11 MINISTER FOR SERVICES AND PROPERTY DALY SAID THERE WERE INDICATIONS THAT AUSTRALIAN POLITICAL PARTIES WERE RECEIVING FUNDS FROM FOREIGN SOURCES. HE SAID, QTE WE DO NOT BELIEVE ANY POLITICAL PARTY SHOULD RECEIVE FOREIGN FUNDS IN THIS COUNTRY WITHOUT REVEALING THEIR SOURCES. END QTE. HE ADDED, QTE THERE WOULD APPEAR TO BE, FROM EVENTS IN THIS PARLIAMENT AND IN THIS COUNTRY IN RECENT TIMES, SUBSTANCE IN WHAT HAS BEEN MADE IN RESPECT OF THE MATTER THAT THERE COULD BE A WATERGATE IN AUSTRALIA. THE GOVERNMENT IS CONSIDERING APPROPRIATE ACTION LEGISLATIVELY, AND THE QUESTION OF A ROYAL COMMISSION WILL ALSO RECEIVE CONSIDERATION. END QTE. DALY ADDED THAT REPORTS INDICATED THAT LIBERAL PARTY CAMPAIGN FUNDS WERE OVERFLOWING.

2. IN SPEECHES OVER PAST TWO WEEKS MINISTER FOR IMMIGRATION GRASSBY HAS HINTED DARKLY AT FOREIGN CONTRIBUTIONS TO POLITICAL PARTIES. EXPLAINING HIS SPEECH TO EMBOFF OCT 11, GRASSBY SAID HE WAS NOT OPPOSED TO FOREIGN INVESTMENT, BUT HE THOUGHT POLITICAL ACTIVITIES OF FOREIGN FIRMS SHOULD BE OPEN AND KNOWN TO PUBLIC.

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PAGE 02 CANBER 05623 121307Z

HE MADE CLEAR HE WAS PARTICULARLY CONCERNED AT ACTIVITIES OF

UNITED KINGDOM FIRMS, SINCE THEIR BRITISH EXECUTIVES ARE REQUIRED BY AUSTRALIAN LAW TO VOTE IN AUSTRALIAN ELECTIONS, AND IDENTITY OF BRITISH COMPANIES AS QTE FOREIGN END QTE IS ONLY SLOWLY BECOMING ESTABLISHED. GRASSBY INDICATED INTEREST IN PASSING AUSTRALIAN EQUIVALENT OF FOREIGN AGENTS REGISTRATION ACT.

3. IN CONVERSATION WITH EMBOFF OCT 11 LIBERAL PARTY SECRETARIAT OFFICIAL SAID THAT VICTORIAN BRANCH OF PARTY HAD REPORTED THAT U.S.-OWNED FIRM UNION CARBIDE, WHICH HAD PREVIOUSLY CONTRIBUTED TO LIBERAL PARTY, HAD DECLINED TO CONTRIBUTE FURTHER. UNION CARBIDE REPORTEDLY GAVE AS REASON RECENT CHANGES IN U.S. TAX LEGISLATION WHICH REQUIRE REPORTING TO U.S. AUTHORITIES, EVIDENTLY IN FORM WHICH COULD BE MADE PUBLIC, CONTRIBUTIONS TO ALL GOVERNMENTS, BOTH U.S. AND FOREIGN.

4. COMMENT: EMBASSY HAS NOT PREVIOUSLY HAD DIRECT INDICATIONS OF SUCH CONTRIBUTIONS BY U.S. FIRMS IN AUSTRALIA. HOWEVER, DALY MAY WELL HAVE KNOWLEDGE OF UNION CARBIDE OR OTHER AMERICAN CONTRIBUTIONS TO LIBERAL PARTY, IN ADDITION TO THOSE MADE BY BRITISH AND OTHER FOREIGN FIRMS. ALP, AT THIS POINT, NEEDS A GOOD SCANDAL TO TAKE PUBLIC ATTENTION AWAY FROM OTHER PROBLEMS IT HAS ENCOUNTERED IN RECENT MONTHS.

5. ACTION REQUESTED: THAT DEPARTMENT INDICATE WHETHER U.S. LEGISLATION NOW REQUIRES THAT PUBLIC REPORTING BE MADE BY U.S. FIRMS OF POLITICAL CONTRIBUTIONS TO BOTH U.S. FEDERAL AND STATE AS WELL AS FOREIGN GOVERNMENTS.
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